

DEC 10 1998

WU-16J

Lawrence Bengal, Supervisor
Illinois Department of Natural Resources
Office of Mines and Minerals
Oil and Gas Division
300 West Jefferson Street, Suite 300
Springfield, Illinois 62791-0137

Dear Mr. Bengal:

On October 26-28, 1998, members of my staff met with you and your program staff to discuss issues of mutual interest in regard to your Agency's Class II UIC program. During the visit, we discussed ongoing program aspects and issues that have arisen since our last visit in 1996.

Enclosed is a copy of our report containing the UIC Branch Team's findings. We have highlighted areas for future emphasis and action for both our agencies. As usual, the Region is pleased to find that the Illinois Department of Natural Resources, Office of Mines and Minerals, continues to administer an outstanding Class II UIC program. Your efficiency and productivity in the work you do remain a model for other state programs. Additionally, we are looking forward to working with you and your staff this fiscal year to finalize existing projects such as the Herscher and Colmar Plymouth aquifer exemptions and your primacy update, as well as embark on new ones such as the national state capacity building initiative for Class II wells and work sharing on enforcement cases to help alleviate the backlog at the Attorney General's Office.

If we can be of assistance to you, or if you have any questions or comments about our findings, please contact Helen Lenart of my staff at (312) 353-6058. We appreciate your dedication and continued support of the UIC program and the efforts of your staff.

Sincerely yours,

/s/ REBECCA L. HARVEY

Rebecca L. Harvey, Chief
Underground Injection Control Branch

Enclosure

yes 12/09/98

12/9/98

bcc: Rebecca Harvey
John Taylor
Fran Demos

Illinois Department of Natural Resources
Office of Mines and Minerals
State Visit Report (Oct. 26-28, 1998)

Introduction

The Illinois Department of Natural Resources (IDNR), Office of Mines and Minerals, maintains an excellent Class II UIC Program. In spite of budget and staffing limitations, IDNR produces a large volume of actions. For example, in FY'98, 910 NOV's were issued for UIC violations. The Region remains impressed with the high level and quantity of work generated by IDNR both this fiscal year and on an ongoing basis.

State Program Expectations

The IDNR Class II UIC Program continues to meet and exceed grant workplan commitments. The FY'99 well inventory will be due to EPA Headquarters by December 31, 1998. Plugged well numbers (446 plugged wells for FY'98) were reported to the Region on Oct. 29, 1998. The Region awarded a grant to the State in FY'97 and FY'98 to hire staff to perform plugged well data entry. To date, 78,000 out of 92,000 plugged wells have been entered. Reporting via 7520 forms occurs within 10 days verbally and within 30 days written for all required submissions at the end of each quarter. All TA'd and plugged wells are tracked in the Division database. Wells that cannot meet TA requirements (annual fluid level monitoring or a casing pressure test) must be plugged.

IDNR completes an annual file review of Class II wells not on TA status using the OG-18 annual well report. In FY'98 200-300 violations were issued for non-submission of OG-18 forms. This annual file review enables the IDNR to maintain 97% of active injection wells in full compliance with SDWA.

All active Class II wells needed to be tested for mechanical integrity by Sept. 1, 1995, after which time all wells would be on a 5 year testing cycle. The Division will witness 100% of all Part 1 MITs on newly permitted wells and 80% of all Part 1 MITs on existing wells.

Highlights of State Performance

Effective Staffing Measures: A larger enforcement staff has been able to address more problems and provide additional follow-up. An in-house attorney was assigned to the Oil and Gas Division and an attorney at the IDNR works half time for the Division to handle cases for referral. Recently, the Division started to refer cases to the Comptroller's Office for tax offset in order to collect outstanding penalties. This has been successful so far and can be an effective message to oil and gas operators that they cannot ignore State enforcement actions. Also, the State has created a new type of violation that is intended to address operators with multiple

violations of the same type. This will allow the State to deal with habitual violators in a more effective and efficient manner.

Increased Plugged Well Data: A special project staff person has performed 78,000 out of 92,000 entries. Once this project is completed, a more thorough Area-of-Review will be available electronically and can be matched with its LAT/LONG GIS component.

Large Volume of Enforcement Actions: 910 NOV's were issued for UIC violations in FY'98. Of the 910 NOV's issued, 440 were for significant noncompliance violations. During FY'98, 344 NOV's were issued for a failure to perform a five year anniversary mechanical integrity test (MIT) that were due in calendar year 1997. These 344 wells that failed to test on time were out of a universe of 1,750 wells that were due in calendar year 1997. At the time of our visit, 240 of the 344 wells needing MIT's had been tested.

Well Plugging Fund: 500,000 goes to well plugging each year which enables IDNR to plug 100-150 wells annually. Half of these are injection wells.

Oil Pollution Act: Over the past 3 years, IDNR has worked closely with Region 5 under this act. So far, 9 sites have been cleaned up with 20-50 cited for action. Three million dollars has been spent on this project so far.

Landowner Grants: Under the landowner grant, farmers apply for this State grant and wells are plugged less expensively because the State doesn't incur contracting costs. Over a two year time frame, 90 wells have been plugged.

Program Updates: The new package of State regulations should be available at the end of November. Primacy Package update and aquifer exemption submissions are complete.

Areas for Future Emphasis

Attorney Support: The Oil & Gas Division maintains a backlog of approximately 4,600 cases and refers out about 80 cases of all types a month. Right now, they have 100 lawsuits pending in court. The Division has one in-house attorney and one that the IDNR provides half time for support. With such a large volume of legal work pending, the Division needs more attorney support. To avoid extensive delays, some of the more critical cases could also be referred to Region 5.

Auditor Requests: The IDNR auditors require that UIC grant request numbers include the indirect cost rate in the federal and state share amounts even if the total then exceeds the State allotment provided by EPA Headquarters, which the State had previously been advised of. Every year the Region receives these inflated submissions and sends a letter back to IDNR indicating that a smaller amount is available, not the amount that was requested. U.S. EPA has also learned that the auditors are requesting a letter indicating regional support for the IDNR timekeeping

system for UIC work performed. The Region questions whether these are useful activities and suggest streamlining these processes.

Special Project Grants: The Region supports IDNR's various initiatives and acquisitions in the way of special project grants and would like to assist them in the purchase of an EM meter and the upgraded GPS units and terminals if funds are available. The Region is pleased with the progress made due to the special project grant awarded to well plugging data entry.

Recommendations for Future Actions

Joint State Federal Cases: The Region maintains a strong interest in pursuing any cases particularly suited for joint action. The IDNR mentioned the possibility of referring cases against well owners currently residing out of state, such as Wade Energy, where the company would fall under federal jurisdiction. The opportunity to take this action should be looked into further. In addition, the Region is concerned that inadequate legal support may lead to extensive delays on critical UIC referrals and we urge the IDNR to consider referring some of those cases to Region 5.

Follow-up by EPA: The Region will take further action in regard to the following issues: Creating a model Quality Assurance Plan for the state agencies to follow in producing their own versions, finalizing any last details regarding the Herscher aquifer exemption, advising IDNR on the status of its primacy update as part of the Headquarters Part 147 primacy update initiative, providing a letter from the Region on the Colmar Plymouth aquifer exemption approval, and advising the IDNR on the opportunity to participate in the national state capacity building initiative for Class II wells.